

## State and Municipal Assistance for Recovery and Transition Act

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The **State and Municipal Assistance for Recovery and Transition (SMART) Act** is a bipartisan, bicameral proposal to provide state, county, and municipal governments with \$500 billion in targeted financial aid.

The bill uses a comprehensive distribution formula based on population size, infection rate, and revenue loss to specifically prioritize support for the states hardest hit by the spread of the COVID virus. Since areas grappling with high infection rates, for example, must spend significantly more on emergency public health service and will likely need more time to fully reopen their economies again, it is only fair they receive proportionally more assistance.

The SMART Act also gives localities the flexibility they need to properly utilize the aid on COVID-related issues, while still ensuring the funds and the localities that receive them are specifically protected from the state budgetary games that leave them worse off. Funding in the legislation will flow directly to all county and municipal governments as there is no population threshold, which further ensures local communities of all shapes and sizes get the full support they deserve.

### Why is the SMART Act Needed?

State and local governments have been on the frontlines of the fight against COVID-19, forcing communities to spend billions of dollars on emergency operations, public health measures, and economic assistance programs. Additionally, many localities have seen their tax revenues evaporate overnight as “stay-at-home” orders and the closure of non-essential businesses shuttered economies across the country.

This two-pronged public health and economic crisis has devastated state and local governments’ finances and jeopardized their capacity to continue effectively responding to the pandemic. Without the robust federal aid outlined in SMART, state and local leaders would be forced to make catastrophic cuts to services, which will put public safety at risk and further delay the reopening of the economy.

### How It Works:

The SMART Act funding is composed of three equal tranches of aid:

- **1. Population Size.** This tranche of funding will be allocated to all 50 states, D.C. and U.S. territories in proportion to each respective state or territory’s percentage of the U.S. population. Counties and municipalities will each receive one-sixth of their state’s allocation for a combined total of one-third of their state’s allocation from this tranche.
- **2. Infection Rates.** This tranche of funding will be allocated based on each state’s relative share of the nation’s infection rate. Funding will be distributed to counties and municipalities based on each county or municipality’s proportion of the state’s population for this tranche.
- **3. Revenue Losses.** This tranche of funding will be allocated based on each state’s revenue loss in proportion to the combined revenue loss of all the states from January 1, 2020 through December 31, 2020.